



WESTERN SCHOOL DISTRICT

PARMA, MICHIGAN

FINANCIAL REPORT

(WITH REQUIRED SUPPLEMENTARY AND ADDITIONAL INFORMATION)

JUNE 30, 2008

WESTERN SCHOOL DISTRICT
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ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Western School District** (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

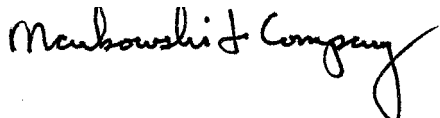
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Western School District as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report
Page Two

In accordance with *Government Auditing Standards*, we also issued our report dated October 23, 2008 on our consideration of Western School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information presented on pages 3 through 9 and page 36 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western School District's basic financial statements. The accompanying other additional information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the financial statements of the Western School District. The accompanying schedule of expenditures of federal awards listed in the Table of Contents is presented for the purpose of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



MARKOWSKI & COMPANY, CPAs
October 23, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Western School District, a K-12 school district located in Jackson County, Michigan, is proud to present its financial statements prepared in accordance with the provisions of Government Accounting Standards Board (GASB) Statement 34 with the enclosed financial statements. This section, Management's Discussion and Analysis, a requirement of GASB Statement 34, is intended to be the Western School District's discussion and analysis of the financial results of the year ended June 30, 2008. It should be read in conjunction with the District's basic financial statements, which begin on page 10.

USING THIS ANNUAL REPORT

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

District Wide Financial Statements:

The District Wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Capital assets and long term obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.

The District Wide financial statements are designed to assist in analyzing whether the current recipients of services are paying the true cost of these services, or if the burden is being shifted to future taxpayers. A positive amount of net assets indicates that these costs are being paid for currently. Over time, increases or decreases in the District's net assets are an indicator of whether the District's long term financial health is improving or declining.

Fund Financial Statements:

The fund level financial statements are presented on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual". In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: School Service Special Revenue Funds (Athletics Fund and the School Lunch Fund), the Debt Service Fund, the Capital Projects Fund and the Fiduciary Funds. The District reports assets it is holding on behalf of others in its Student Activities Fiduciary Fund.

WESTERN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The fund financial statements focus on the how the District used the resources available to it during the current year. Purchased capital assets are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

FINANCIAL POSITION – THE DISTRICT AS A WHOLE

The following summarizes the District's net assets at fiscal year end June 30, 2008 and 2007:

Net Assets Summary:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Assets:		
Current assets	<u>\$ 8,223,524</u>	<u>\$ 6,031,796</u>
Capital assets	43,033,927	43,046,197
Less: Accumulated depreciation	<u>(14,122,486)</u>	<u>(13,322,308)</u>
Net Capital assets	28,911,441	29,723,889
Other noncurrent assets	<u>1,564,217</u>	<u>1,665,211</u>
Total noncurrent assets	<u>30,475,658</u>	<u>31,389,100</u>
Total assets	<u>38,699,182</u>	<u>37,420,896</u>
Liabilities:		
Current liabilities	5,702,848	3,959,451
Long-term liabilities	<u>25,775,704</u>	<u>27,024,918</u>
Total liabilities	<u>31,478,552</u>	<u>30,984,369</u>
Net Assets:		
Invested in capital assets, net of related debt	2,109,389	1,555,530
Restricted for debt service	474,692	351,864
Unrestricted	<u>4,636,549</u>	<u>4,529,133</u>
Total net assets	<u>\$ 7,220,630</u>	<u>\$ 6,436,527</u>

WESTERN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The changes in District net assets are summarized below:

	<u>Year Ending June 30, 2008</u>	<u>Year Ending June 30, 2007</u>
Revenue:		
Program Revenue:		
Charges for services	\$ 630,105	\$ 696,167
Operating grants/categorical state aid	3,037,762	3,023,598
General Revenue:		
Property taxes	5,271,563	5,005,524
State aid - Unrestricted	17,809,509	17,771,003
Interest and investment earnings	188,188	153,037
Other	88,881	16,030
Total revenue	<u>27,026,008</u>	<u>26,665,359</u>
Function/Program Expenses:		
Instruction and instructional support	14,633,409	14,514,149
Support services	7,894,486	7,562,593
Other	2,688	-
Community Services	240,354	265,555
Athletics	504,075	517,018
Food Service	790,607	800,856
Interest on long term debt	1,285,715	1,336,238
Depreciation (Unallocated)	764,012	758,456
Total expenses	<u>26,115,346</u>	<u>25,754,865</u>
Increase in Net Assets	<u>\$ 910,662</u>	<u>\$ 910,494</u>

Analysis of Financial Position:

During the fiscal year ended June 30, 2008, the District's net assets increased by \$910,662.

Overall, the increase can be attributed to the following:

1. Debt Service Activity

Because the District Wide statements report principal repayments as a reduction of the liability rather than an expense, the debt service fund ended with a surplus of approximately \$1.6 million. Current tax levies are sufficient to retire both principal and interest when due.

WESTERN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

2. General District Activities

Under the full accrual accounting method, the general operations of the District (Instructional and instructional support, other support activities such as transportation and plant maintenance, food service, and athletics), incurred a \$670,000 loss. This is primarily due to depreciation of capital assets totaling approximately \$1 million.

3. School Lunch Activity

School Lunch activity struggled this past year, and required a \$53,000 subsidy from the General Fund. Under the full accrual basis of accounting, the fund broke even after including the General Fund transfer.

As reported in the Statement of Activities, the cost of all governmental activities this year was \$26.1 million. Certain activities were partially funded by those benefiting from the programs (\$630,000) or by other governments and organizations that provided grants and categorical payments (\$3.04 million). The remaining costs of the District - \$22.4 million - were paid for with taxes of \$5.2 million and general state aid of \$17.9 million.

FINANCIAL POSITION – FUND FINANCIAL STATEMENTS

As noted earlier, the District uses funds to help it control and manage money for particular purposes. A review of the fund financial statements helps consider whether the District is being accountable for the resources taxpayers and others provide to it, and also provide insight into the District's overall financial health.

The governmental funds reported a \$491,982 increase in combined fund balance during the year ended June 30, 2008. The Debt Service Fund reported a \$122,828 increase in fund balance this year.

Other highlights from the fund financial statements include a \$342,259 increase in the General Fund fund balance. The increase was the result of conservative budget preparation that resulted in decreased expenditures. The District still continues to struggle with rising employee costs and uncertain and stagnant state aid revenue.

WESTERN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

GENERAL FUND BUDGETARY HIGHLIGHTS

The District adopts its original budget in June, prior to the start of the fiscal year. This budget requires amendments due to the timing of its preparation in relation to knowledge surrounding revenue sources which will be available to the District.

The original budget is prepared using certain assumptions regarding student counts, which have a major impact on available revenues. The District's general state aid is computed using a \$7,204 per student foundation allowance (reduced by per student tax revenues generated locally). The number of students the state uses for aid purposes are based on 25% of the February student count from the previous fiscal year and 75% of the student count taken on the fourth Wednesday in September of the current fiscal year. The September student count information is obviously not available when preparing the original budget.

With that in mind, the changes to the original General Fund budget were relatively minor. The original budgeted revenues were \$23,018,282; the final budget was 1.3% higher at \$23,311,285. Budgeted expenditures also increased by 1.9% to \$23,110,865 (from \$22,671,394), primarily due to the addition of increased capital outlays (the budget for other financing sources also increased by \$555,000).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had over \$43 million invested in a range of capital assets including land, buildings and improvements, furniture and equipment, and vehicles. This amount represents a decrease of \$12,000 from 2007. Current additions included three new buses which cost \$218,070, and additional technology upgrades at a cost of \$33,000. The District also disposed of old buses which were no longer functional. Because of the tight financial situation the District faces, our capital assets continue to age. Critical needs for the near future include replacements for school buses. The Transportation staff has done a great job of extending the life of these vehicles, through maintenance and care during use. A summary of capital asset activity is as follows:

WESTERN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Asset Type	Balance 6/30/07	Additions	Disposals	Balance 6/30/08
Land	\$ 995,428	\$ -	\$ -	\$ 995,428
Buildings and Improvements	37,467,558	-	-	37,467,558
Improvements other than Buildings	1,148,327	-	-	1,148,327
Equipment/Furnishings	924,931	6,517	(7,488)	923,960
Technology Equipment	954,003	33,507	-	987,510
Buses	1,490,500	218,070	(248,470)	1,460,100
Other Vehicles	65,450	5,594	(20,000)	51,044
	<u>\$ 43,046,197</u>	<u>\$ 263,688</u>	<u>\$ (275,958)</u>	<u>\$ 43,033,927</u>

The District anticipates capital additions will again be lower than typical during the 2008-2009 fiscal year. The District's buildings are in excellent condition, primarily due to the generous support of taxpayers. The community should take a great deal of pride in the attractive and well maintained buildings throughout the District.

Debt

At the end of the year, the District had the following long term debt:

	Balance 6/30/07	Additions	Repayments	Balance 6/30/08
Installments Payable	\$ 467,426	\$ 218,070	\$ (172,673)	\$ 512,823
Capital Leases Payable	77,162	334,996	(190,199)	221,959
Bonds Payable	27,533,704		(1,534,450)	25,999,254
Accreted interest on State School Loan Fund	90,067	92,706	(114,787)	67,986
	<u>\$ 28,168,359</u>	<u>\$ 645,772</u>	<u>\$ (2,012,109)</u>	<u>\$ 26,802,022</u>

The District remains ahead of financial projections with the repayment of borrowings from the State School Bond Loan Fund from its 1995 capital improvement bond issue. The District continues to levy 7 mills for debt service.

WESTERN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The elected school board members and school administration consider many factors when setting the District's 2008/2009 General Fund budget. One of the most important factors is the student count. As discussed earlier, the District's state aid is based on a per pupil basis, with the number of pupils determined using the February and September 2008 pupil counts. The state aid represents approximately 77% of the total revenue for the General Fund. The District had a decrease in students in both the February 2008 and September 2008 pupil counts, which results in decreased state aid.

The District is heavily dependent on the State of Michigan for its General Fund revenues. As a result, the overall state economy has a direct impact on the District's level of funding. For the past four years, the State's tax collections have been decreasing. The State passed an appropriation bill for schools for fiscal year 2008/2009 with a increase in the per pupil foundation allowance of \$112. However, the current economic environment is very tentative, and the possibility of state budget cuts exists for the 2008/9 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the residents and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Department, 1400 S. Dearing Rd., Parma, Michigan 49269.

BASIC FINANCIAL STATEMENTS

WESTERN SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2008

Assets	Governmental Activities
Current Assets:	
Cash and cash equivalents	\$ 4,440,314
Accounts receivable	15,135
Taxes receivable	52,139
Due from other governmental units	3,561,931
Inventory	32,676
Prepaid expenses	121,329
Total current assets	<u>8,223,524</u>
Noncurrent Assets:	
Capital assets - Less accumulated depreciation of \$14,122,486	28,911,441
Bond issuance costs - Less accumulated amortization of \$248,531	1,564,217
Total noncurrent assets	<u>30,475,658</u>
Total assets	<u>38,699,182</u>
 Liabilities and Fund Balances	
Liabilities:	
Current Liabilities:	
Accounts payable	237,546
Interest payable	213,775
Salaries payable	1,396,948
Accrued expenses	549,762
Deferred revenue	55,653
State Aid note payable	2,073,600
Bonds, installment purchase agreements and capital leases payable - Due within one year	<u>1,175,564</u>
Total current liabilities	<u>5,702,848</u>
Noncurrent Liabilities:	
Bonds, installment purchase agreements and capital leases payable	25,558,473
Interest payable to State School Bond Loan Fund	67,985
Compensated absences payable	149,246
Total noncurrent liabilities	<u>25,775,704</u>
Total liabilities	<u>31,478,552</u>
Net Assets:	
Invested in capital assets, net of related debt	2,109,389
Restricted for debt service	474,692
Unrestricted	4,636,549
Total net assets	<u>\$ 7,220,630</u>

The accompanying notes are an integral part of the financial statements.

WESTERN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

		Program Revenues		Governmental
		Charges For	Operating	Activities
	Expenses	Services	Grants	Net (Expense)
				Revenue
				and Change
				in Net Assets
Functions/Programs:				
Governmental Activities:				
Instruction and instructional support	\$ 14,633,409	\$ 11,141	\$ 2,608,055	\$ (12,014,213)
Support services	7,894,486	-	65,415	(7,829,071)
Other	2,688	-	-	(2,688)
Community services	240,354	160,422	-	(79,932)
Athletics	504,075	84,644	-	(419,431)
School Lunch	790,607	373,898	364,292	(52,417)
Interest on long term debt	1,285,715	-	-	(1,285,715)
Depreciation (Unallocated)	764,012	-	-	(764,012)
Total Governmental Activities	\$ 26,115,346	\$ 630,105	\$ 3,037,762	(22,447,479)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				2,501,236
Property taxes, levied for debt service				2,770,327
State of Michigan aid, unrestricted				17,809,509
Interest and investment earnings				188,188
Loss on disposal of assets				(4,025)
Other				92,906
Total general revenues				23,358,141
Change in Net Assets				910,662
Net assets - Beginning				6,309,939
Net assets - Ending				\$ 7,220,601

The accompanying notes are an integral part of the financial statements.

WESTERN SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	GENERAL FUND	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Cash and cash equivalents	\$ 3,263,147	\$ 462,500	\$ 714,667	\$ 4,440,314
Investments	-	-	-	-
Accounts receivable	15,135	-	-	15,135
Interest receivable	-	-	-	-
Taxes receivable	37,532	14,607	-	52,139
Internal balances	-	-	-	-
Due from other governmental units	3,556,838	-	5,093	3,561,931
Inventory	21,197	-	11,479	32,676
Prepaid expenses	121,329	-	-	121,329
Total assets	<u>\$ 7,015,178</u>	<u>\$ 477,107</u>	<u>\$ 731,239</u>	<u>\$ 8,223,524</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 199,483	\$ 1,239	\$ 36,824	\$ 237,546
Interest payable	-	1,176	-	1,176
Salaries payable	1,396,948	-	-	1,396,948
Accrued expenses	549,762	-	-	549,762
Deferred revenue	44,442	-	11,211	55,653
State Aid Note Payable	2,073,600	-	-	2,073,600
Total liabilities	<u>4,264,235</u>	<u>2,415</u>	<u>48,035</u>	<u>4,314,685</u>
Fund Balances:				
Reserved	142,526	-	3,772	146,298
Unreserved and undesignated	2,608,417	474,692	679,432	3,762,541
Total fund balances	<u>2,750,943</u>	<u>474,692</u>	<u>683,204</u>	<u>3,908,839</u>
Total liabilities and fund balances	<u>\$ 7,015,178</u>	<u>\$ 477,107</u>	<u>\$ 731,239</u>	<u>\$ 8,223,524</u>

The accompanying notes are an integral part of the financial statements.

WESTERN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL FUND	DEBT SERVICE FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTALS
Revenues:				
Local sources	\$ 2,867,494	\$ 2,832,229	\$ 483,039	\$ 6,182,762
State sources	18,995,067	-	41,391	19,036,458
Federal sources	290,654	-	322,901	613,555
Interdistrict sources	1,197,258	-	-	1,197,258
Total revenues	23,350,473	2,832,229	847,331	27,030,033
Expenditures:				
Current:				
Instruction	14,582,763	-	-	14,582,763
Support services	7,902,651	-	-	7,902,651
Other	-	-	-	-
Community services	238,716	-	-	238,716
Athletics	-	-	473,853	473,853
Food Service	-	-	788,504	788,504
Other transactions	-	2,688	-	2,688
Debt service	385,884	2,706,713	-	3,092,597
Capital outlay	-	-	11,070	11,070
Total expenditures	23,110,014	2,709,401	1,273,427	27,092,842
Excess (Deficiency) of Revenues Over Expenditures	240,459	122,828	(426,096)	(62,809)
Other Financing Sources (Uses):				
Sale of School Property	1,725	-	-	1,725
Proceeds from Long Term Debt	553,066	-	-	553,066
Operating Transfers In/Out	(452,991)	-	452,991	-
Total Other Financing Sources (Uses)	101,800	-	452,991	554,791
Net Changes in Fund Balances	342,259	122,828	26,895	491,982
Fund Balance - Beginning	2,408,684	351,864	656,309	3,416,857
Fund Balance - Ending	\$ 2,750,943	\$ 474,692	\$ 683,204	\$ 3,908,839

The accompanying notes are an integral part of the financial statements.

WESTERN SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets:

Total Governmental Fund Balances		\$ 3,908,839
Amounts reported for governmental activities in the statement of net assets because:		
Capital assets used in governmental activities are not financial resources. Accordingly, they are not reported on the governmental funds balance sheet.		
The cost of capital assets is:	\$ 43,033,927	
Accumulated depreciation is:	<u>(14,122,486)</u>	28,911,441
Bond issuance costs are not financial resources, and therefore are not reported on the governmental funds balance sheet.		
The balance of unamortized bond issue costs is:		1,564,217
Accrued interest is not included as a liability in governmental funds.		(212,599)
Accrued sick and vacation pay is not reported as a liability in the fund financial financial statements as it is not payable within one year		(149,246)
Long term liabilities are not payable from current resources. As a result, they are not reported on the governmental fund balance sheet.		
Bonds and notes payable balance is:		(26,734,037)
Noncurrent interest payable is:		<u>(67,985)</u>
		<u><u>\$ 7,220,630</u></u>

The accompanying notes are an integral part of the financial statements.

WESTERN SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET ASSETS AND RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

**Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities:**

Net changes in fund balances - Total Governmental Funds	\$	491,982
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated to expense over their useful lives as depreciation expense.		
Depreciation expense	\$	(1,070,386)
Capital outlay		<u>263,688</u>
		(806,698)
Governmental funds report proceeds from sale of fixed assets as revenue; the statement of activities nets the proceeds with net book value		(5,750)
Interest expense is reported in the statement of activities when incurred; it is not reported as an expenditure in the governmental fund financial statements until it is paid.		(104,233)
Interest expense is increased by the amortization of bond issuance costs.		(100,994)
Compensated absences are reported as an expense when paid in the fund financial statements; they are recognized as incurred in the statement of activities		(22,688)
Proceeds of long term debt are reported as revenue in fund financial statements; they are reported as a liability in the statement of net assets		(553,066)
Bond and note principal payments are reported as an expenditure in the governmental funds; they reduce the long term debt liabilities in the statement of activities		<u>2,012,109</u>
Change in Net Assets of Governmental Activities	\$	<u><u>910,662</u></u>

The accompanying notes are an integral part of the financial statements.

WESTERN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

	Agency	Private Purpose Trust	Total
	<hr/>		
Assets			
Cash	\$ 300,716	\$ -	\$ 300,716
Investments	-	125,649	125,649
Total Assets	<u>\$ 300,716</u>	<u>\$ 125,649</u>	<u>\$ 426,365</u>
	<hr/>		
Liabilities			
Accounts payable	\$ -	\$ 5,000	\$ 5,000
Due to student and other groups	300,716	-	300,716
Total Liabilities	<u>300,716</u>	<u>5,000</u>	<u>305,716</u>
	<hr/>		
Net Assets			
Designated for scholarships	-	120,649	120,649
Total Liabilities and Net Assets	<u>\$ 300,716</u>	<u>\$ 125,649</u>	<u>\$ 426,365</u>
	<hr/>		

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

Additions:

Contributions	\$ -
Investment earnings:	
Interest	6,202
Dividends	-
Realized gains	-
Net increase (decrease) in fair value of investments	-
Net investment earnings	6,202
Total additions	6,202

Deductions:

Scholarships	5,000
Administrative expenses	-
Total deductions	5,000

Change in net assets	1,202
Net assets - beginning of the year	119,447
Net assets - end of the year	\$ 120,649

The accompanying notes are in integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

WESTERN SCHOOL DISTRICT
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WESTERN SCHOOL DISTRICT
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WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the Western School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

1. REPORTING ENTITY:

The Western School District (the District) is a public school district created under the laws of the State of Michigan. It is governed by a publicly elected seven member Board of Education, which has responsibility and control over all activities relating to public school K-12 education within the District's geographic boundaries.

The District was formed in 1958 by the merger of Bean, Parma, Spring Arbor and Woodville school districts. Located in the western portion of Jackson County, Michigan, the Western School District today provides educational services from kindergarten through the twelfth grade to approximately 2,900 students.

The District receives funding from local, state, and federal government funding sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by GAAP. In addition, the District's reporting entity does not contain any component units as defined in GASB Statements No. 14 and 39.

2. DISTRICT WIDE AND FUND FINANCIAL STATEMENTS:

The district wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the non-fiduciary activities of the primary government (the District). For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business activities, which rely to a significant extent on fees and charges for support. All of the District's government – wide activities are considered governmental activities.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

2. DISTRICT WIDE AND FUND FINANCIAL STATEMENTS: (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes both (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenue are reported as general revenue.

Separate financial statements are provided for the governmental funds and fiduciary funds, even though the latter are excluded from the district wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION:

a. District Wide Financial Statements – The district wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and other similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the district wide financial statements.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions, including categorical state aid; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than a program revenue. Likewise, general revenue includes all tax revenue and unrestricted state aid.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION: (Continued)

b. Fund Financial Statements - Governmental fund financial statements use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are generally recorded when the related fund liability is incurred, except for interest payable on general long-term debt which is recognized when due rather than when incurred, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, unrestricted state aid, and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the District, and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

The District reports the following major governmental funds:

The *General Fund* is the District’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the servicing of general long-term debt.

Additionally, the District reports the following fund types:

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION: (Continued)

b. Fund Financial Statements – (Continued) The *School Service Funds* are special revenue funds that account for revenue sources that are legally restricted to expenditure for specific purposes (not including or major capital projects). The School Service Funds maintained by the District are the Athletics Fund and the School Lunch Fund.

The *Building and Site Capital Projects Fund* accounts for the acquisition of fixed assets or construction of major capital projects not being funded with voter approved bonds.

Fiduciary Funds account for assets held by the District in a trustee capacity, or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. The Brad Wirebaugh Scholarship Fund is the District's only trust fund. Agency funds are accounted for on the modified accrual basis of accounting. The District's *Student Activity Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. This fund is used to account for assets that the District holds for student and parent groups for school and school related purposes. The accounts are segregated and held in trusts for the students and parents.

4. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Western accounts for all investments with an original maturity of up to 90 days, or with liquidity similar to cash (such as money market accounts) as cash equivalents. Investments are reported at their amortized cost, which does not materially differ from their fair market value.

The District internally pools its cash for all funds into one sweep account to maximize its investment returns and improve cash management. Appropriate controls are in place to ensure that income is properly allocated to the funds based on average cash balances.

5. RECEIVABLES:

The District has recognized revenues in accordance with its accrual policy. These receivables, along with payments accrued from other governmental units, are recognized at their gross amount in these financial statements. An allowance for uncollectible amounts has not been established as management believes that such an allowance would be immaterial in amount. Past history supports this assertion.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

6. INVENTORIES AND PREPAID EXPENSES:

Inventory is valued at the lower of cost (first-in,-first-out basis) or market. Inventories consist of fuel, and food and commodities. The District accounts for inventory under the purchase method – all purchases are recorded as expenditures until year end, when an adjustment is made to reflect inventory on hand.

Certain prepayments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Reported inventories and prepaid expenses are equally offset by a fund balance reserve in the fund financial statements to indicate that they do not constitute “available spendable resources”, even though they are a component of net current assets.

7. DUE TO/FROM OTHER FUNDS (INTERNAL BALANCES):

Interfund receivables and payables arise from transactions between funds and are recorded by all funds involved in the period in which the transactions are executed.

8. CAPITAL ASSETS:

Capital assets, which include land, buildings and improvements, non-building improvements (such as parking lots, and athletic facilities), furnishings and equipment, technology equipment, school buses and other vehicles. Capital assets are defined by District policy as assets with an individual cost greater than \$1,500 and a useful life greater than one year. Such assets are recorded at historical costs or estimated historical cost in some instances. Costs of normal repair and maintenance that do not add to the value or extend the useful life of the asset are not capitalized.

Capital assets are depreciated using the straight line method over the following useful lives:

Buildings and improvements	15-50 years
Improvements other than buildings	15-20 years
Equipment/furnishings	7-15 years
Technology equipment	5-15 years
Buses	12 years
Other vehicles	4-10 years

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

8. CAPITAL ASSETS: (Continued)

The District uses salvages values equal to approximately 10% of cost for buildings and improvements; other categories use a salvage value of approximately 5%. This is adjusted based on actual results – recently, the District has been using smaller salvage values to reflect the actual returns on equipment disposals.

9. LONG-TERM OBLIGATIONS:

In the government wide financial statements, long-term debt and other obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance expenses, are deferred and amortized over the life of the bonds using the effective interest method. These costs are reported as an asset in the statement of net assets.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and issuance costs in the period in which they are incurred. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period when incurred. Proceeds from long-term debt are reported as an other financing source net of the applicable premium or discount.

10. FUND EQUITY:

In the fund financial statements, reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The reservations of the District's fund balance have been established to reflect amounts invested in inventories and prepaid expenses.

11. COMPARATIVE DATA/RECLASSIFICATIONS:

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements and supplemental information in order to provide an understanding of the changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

1. BUDGETARY INFORMATION:

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and both school service funds; the Capital Projects Fund has adopted a project-length budget. The budgets are adopted officially at the program level, although a line item budget is maintained as a management tool. All annual appropriations lapse at fiscal year end.

A preliminary budget is adopted prior to July 1, and that budget was amended in a legally permissible manner during the year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS:

In 2008 the School District incurred expenditures in excess of the amounts budgeted as follows:

Spending amounts in excess of appropriations (budget) is a violation of state statute.

<u>FUND/PROGRAM</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
General Fund:			
Pupil Support Services	\$ 476,426	\$ 478,589	\$ (2,163)
Pupil Transportation Services	1,352,500	1,603,548	(251,048)
Central Services	922,589	1,057,806	(135,217)
Debt Service	149,536	385,884	(236,348)

NOTE C - CASH AND INVESTMENTS:

Cash is reported in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and cash equivalents	\$ 4,440,314
Fiduciary Funds:	
Cash and cash equivalents	300,716
Money Market account	26,271
	<u>\$ 4,767,301</u>

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CASH AND INVESTMENTS: (Continued)

The District's investments at June 30, 2008 consisted of the following:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Rating	%
Certificates of Deposit	\$ 58,587	2.6028	N/A	58.95%
Bonds of quasi-government entities	40,791	8.5051	AAA	41.05%
	<u>\$ 99,378</u>			<u>100.00%</u>
Weighted average maturity		<u>5.0254</u>		

The certificates of deposit are not rated; all are under the \$100,000 FDIC insurance limit.

State statutes and District policy authorize the District to deposit and invest in the accounts of Federally insured banks; insured credit unions and savings and loan associations; bonds and other direct obligations of the United States, or an agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; commercial paper rated within the two highest classifications by not less than two standard rating services, which mature not more than 270 days after the date of purchase; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. The District's cash and investments are in accordance with statutory authority and District policy.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District minimizes this risk by investing in shorter term securities and holding them to maturity, attempting to match cash flow needs with the maturities of its investments.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. Wachovia Securities, holder of the District's investments, has attempted to minimize this risk by limiting investments to the limit of FDIC insurance.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE C – CASH AND INVESTMENTS: (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

The custodial credit risk for investments is that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments.

As of June 30, 2008, none of the District's cash was covered by FDIC insurance, exposing all \$4,741,030 to this risk.

Foreign Currency Risk

The District's investment policy does not allow for investments in foreign currencies.

NOTE D – RECEIVABLES AND OPERATING TRANSFERS:

The District has recognized certain receivables in accordance with its accrual policies. These are discussed at length below:

Accounts Receivable - This account consists primarily of funds receivable for items which are attributable to the fiscal year then ended, such as the sale of materials or latchkey services.

Interest Receivable - This account consists of investment income earned as of year end, but not yet credited to the District's investment account.

Taxes Receivable - A receivable is recorded for uncollected personal property taxes to which Western is legally entitled. Jackson County's Delinquent Tax Revolving Fund reimburses Western for any uncollected real property taxes. Therefore, no receivable is necessary for real property taxes.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE D – RECEIVABLES AND OPERATING TRANSFERS: (Continued)

Due From Other Governmental Units - The balance in this account is comprised of the State Aid and grant payments from the Michigan Department of Education.

<u>Governmental Unit</u>	<u>Amount</u>
State of Michigan - State Aid (General Fund)	\$ 3,451,952
State of Michigan - State Aid (School Lunch Fund)	5,093
State of Michigan - Grants	104,886
	<u>\$ 3,561,931</u>

Operating Transfers - During the fiscal year ended June 30, 2008 the General Fund transferred \$399,991 to the Athletics School Service Fund and \$53,000 to the School Lunch Fund to cover operating expenses.

NOTE E – CAPITAL ASSETS:

Capital asset activity in the District for the year ended June 30, 2008 was as follows:

	<u>Balance 6/30/07</u>	<u>Additions</u>	<u>Disposals/ Adjustments</u>	<u>Balance 6/30/08</u>
Assets not being depreciated -				
Land	\$ 995,428	\$ -	\$ -	\$ 995,428
Capital assets being depreciated:				
Buildings and improvements	37,467,558	-	-	37,467,558
Improvements other than buildings	1,148,327	-	-	1,148,327
Equipment/furnishings	924,931	6,517	(7,488)	923,960
Technology equipment	954,003	33,507	-	987,510
Buses	1,490,500	218,070	(248,470)	1,460,100
Vehicles other than buses	65,450	5,594	(20,000)	51,044
	<u>\$ 42,050,769</u>	<u>\$ 263,688</u>	<u>\$ (275,958)</u>	<u>\$ 42,038,499</u>

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE E – CAPITAL ASSETS: (Continued)

	Balance 6/30/07	Additions	Disposals/ Adjustments	Balance 6/30/08
Accumulated depreciation:				
Buildings and improvements	\$ 10,765,883	\$ 759,818	\$ -	\$ 11,525,701
Improvements other than buildings	453,375	46,921	-	500,296
Equipment	528,862	48,231	(7,488)	569,605
Technology equipment	654,943	96,918	-	751,861
Buses	870,975	115,078	(248,470)	737,583
Vehicles other than buses	48,270	3,420	(14,250)	37,440
	<u>13,322,308</u>	<u>1,070,386</u>	<u>(270,208)</u>	<u>14,122,486</u>
Net capital assets being depreciated	<u>28,728,461</u>	<u>(806,698)</u>	<u>5,750</u>	<u>27,916,013</u>
Net capital assets	<u>\$ 29,723,889</u>	<u>\$ (806,698)</u>	<u>\$ 5,750</u>	<u>\$ 28,911,441</u>

Depreciation expense was charged to activities of the District as follows:

Instruction	\$ 28,208
Support services	244,203
Community Services	1,638
Athletics	30,222
Food Service	2,103
Unallocated	764,012
	<u>\$ 1,070,386</u>

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE F - SALARIES PAYABLE AND ACCRUED EXPENSES:

1. SALARIES PAYABLE:

Western's teachers work only while school is in session. The District has a contractual obligation to offer these employees the option of collecting their annual salary (based upon the District's fiscal year) over a 26 pay period, rather than 21 pays during the year. Amounts owed these employees for work performed during the year ended June 30, but paid in July-August have been recorded as salaries payable.

2. ACCRUED EXPENSES:

The fringe benefits related to the employees referred to above for the months of July and August have been accrued and recognized as an expense as of June 30. These fringe benefits are shown below:

FICA	\$ 106,867
Retirement	233,371
Insurances	209,524
	<u>\$ 549,762</u>

NOTE G – DEFERRED REVENUE:

In accordance with the District's accounting policy, certain grant and state aid categorical monies have been deferred at June 30, 2008. The revenue will be recognized when qualifying grant expenditures are incurred. In addition, excess tax revenues received from tax increment finance authorities, which are payable by the District to the State under provisions of the State School Aid Act, have been accounted for as deferred revenues. Detail of this account is as follows:

General Fund:

Advanced grant funds	\$ 44,442
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School Lunch Fund:

Student account balances	11,211
	<u>\$ 55,653</u>

NOTE H – STATE AID NOTE PAYABLE

The District participated in the State of Michigan's State Aid borrowing in August 2008. A total of \$2,000,000 was borrowed, at an interest rate of 3.68%. The note is secured by pledged state aid or from general ad valorem taxes levied by the District. The note was repaid in August 2008 with a deduction from the August State Aid payment.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE I - LONG-TERM DEBT:

The District utilizes bonds, installment purchases agreements and capital leases to provide resources for the acquisition and construction of major capital facilities and certain other long-lived equipment. This debt can be summarized as follows:

General Obligation Bonds - The District has issued general obligation bonds to provide funds for the construction, renovation, and equipping of school facilities. General obligation bonds have also been issued to refund other general obligation bonds, in an effort to reduce the total cash outlay by taking advantage of lower interest rates.

The State School Bond Loan Fund borrowing was necessary to service the technology portion of the 1995 Building and Site Bonds debt. The State of Michigan makes loans to school districts to assist in the payment of debt service. These loans carry variable interest rates, and are to be repaid whenever the District's property tax levies dedicated to service general obligation bonds result in funds in excess of the debt service requirement. Annual reporting is required, and the State has the final say as to when repayment begins.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>6/30/08 Balance</u>
State School Bond Loan Fund	2.625 - 5.50%	\$ 1,538,325
	(Variable Rate Bond)	
Accreted interest on State School Bond Loan Fund\		\$ 108,915
2006 Refunding Bonds	3.500-5.000%	\$ 8,560,000
2005 Refunding Bonds	3.000-3.500%	\$ 1,030,000
2003 Refunding Bonds	1.000-4.250%	\$ 8,180,000
2002 Building & Site Bonds	2.300 – 5.500%	\$ 5,500,000
1998 School Improvement Bonds (<i>Durant</i>)	4.761%	\$ 108,915
1995 Building & Site & Refunding Bonds	3.70 - 6.50%	\$ 1,150,000

The 1998 School Improvement Bonds can be paid only through annual appropriations from the State of Michigan. The District bears no responsibility for repayment should the State fail to fulfill this obligation.

Installment Purchase Agreement and Capital Leases Payable – During 2005, the District issued a installment purchase agreement payable through Comerica Bank, with a \$460,000 face value. The proceeds of this agreement were used to acquire vacant land. This note bears interest at 4.07% annually, and has payments of \$56,905 due each September 1 from 2005 through 2014.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE H - LONG-TERM DEBT: (Continued)

Installment Purchase Agreement and Capital Leases Payable (Continued)

During 2003, the District issued an installment purchase agreement payable to finance the purchase of four school buses. This agreement has a face value of \$205,536. It bears interest at 2.65%, and has payments of \$44,457 due each May 15 from 2004 through 2008.

A second installment purchase agreement was issued in July 2004 to finance a portion of the purchase of five school buses. The agreement has a face value of \$161,524. It bears interest at 2.44%, and requires annual payments of \$42,873 each July 30 from 2004 through 2007.

In August 2005, the District financed the acquisition of 250 desktop computers through a lease agreement with the vendor. Because the term of this agreement approximates the useful life of the computers and it contains a bargain purchase option, the District treats it as a capital lease.

In July 2007, the District financed the acquisition of 285 desktop computers and other computer equipment through a lease agreement with the vendor. Because the term of this agreement approximates the useful life of the equipment and it contains a bargain purchase option, the District treats it as a capital lease. The agreement has a face value of \$334,996. It bears interest at 7.399%, and requires annual payments of \$113,037 each July through 2009, with a final payment of \$23,178 due in 2010.

In May 2008, the District financed the acquisition of three 2009 school buses through an installment purchase agreement with a vendor. This agreement has a face value of \$218,070. It bears interest at 3.435%, and requires annual payments of \$46,656 each May through 2012.

The payments on long-term debt are due as follows:

Year Ending June 30,	General Obligation Bonds	Installment Purchase/Capital Leases Payable	Totals
2009	\$ 2,016,161	\$ 290,199	\$ 2,306,360
2010	2,007,622	216,599	2,224,221
2011	2,011,649	126,741	2,138,390
2012	2,004,785	103,562	2,108,347
2013	2,059,336	56,906	2,116,242
2014-2018	9,295,977	113,812	9,409,789
2019-2023	10,391,520	-	10,391,520
2024-2028	5,574,275	-	5,574,275
Thereafter	1,538,325	-	1,538,325
	36,899,650	907,819	37,807,469
Less: Interest	(10,832,410)	(173,037)	(11,005,447)
	\$ 26,067,240	\$ 734,782	\$ 26,802,022

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE H - LONG-TERM DEBT: (Continued)

The changes in long-term debt can be summarized as follows:

	Balance 6/30/07	New Debt Issues	Principal Repayments	Balance 6/30/08
Bonds payable	\$ 27,533,705	\$ -	\$ (1,534,450)	\$ 25,999,255
Accreted interest	90,066	92,706	(114,787)	67,985
Installment purchase agreements/leases payable	544,588	553,066	(362,872)	734,782
	<u>\$ 28,168,359</u>	<u>\$ 645,772</u>	<u>\$ (2,012,109)</u>	<u>\$ 26,802,022</u>

The District paid \$1,080,412 of interest during its fiscal year ended June 30, 2008.

NOTE J - FUND BALANCES:

1. RESERVES AND DESIGNATIONS:

The General Fund fund balance has a reserve of \$142,526 at June 30, 2008 to offset the inventory and prepaid expenses. The entire Food Service fund balance is reserved at June 30, 2008 (\$3,772) due to its inventory, which totaled \$11,479. These amounts are reserved as they represent amounts not available for appropriation in future periods.

2. RESTATEMENT OF NET ASSETS:

Net assets in the district-wide financial statement were restated to properly recognize the liability for accrued vacation and sick pay. Beginning net assets were reduced by \$126,558 because of this liability.

NOTE K - PROPERTY TAXES:

Taxes are levied by Western in one installment. The installment is levied by July 1, and is due by February 28 of the following year, with interest of 1% per month being assessed on taxes paid after September 14.

Assessing and collecting Western's property taxes is handled by the townships in which the District is located. The property taxes become a lien on December 31, of the year preceding the levy. The District levied the maximum 18 mills (\$1 per \$1,000 taxable value) allowed by state law on non-homestead property to finance operations; the debt millage was 7 mills on all taxable property within the District.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE L - DEFINED BENEFIT PENSION PLAN:

Plan Description

Western School District participates in the Michigan Public School Employee's Retirement System ("MPERS"), a cost sharing multiple employer, statewide defined benefit public employee retirement plan governed by the State of Michigan. MPERS was originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems. MPERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing to: MPERS, P.O. Box 30171, Lansing, MI. 48909-7671.

Funding Policy

The District is required to make the full actuarial funding contribution amount needed to fund pension benefits, plus an additional amount to fund retiree health benefits paid on a cash disbursement ('pay as you go') basis. The employer contribution rate totaled 17.74% of covered wages from July 1, 2007 to September 30, 2007. The rate was established at the 16.72% from October 1, 2007 to June 30, 2008.

Employee contributions differ based on selected coverage. Basic Plan members make no contributions. Member Investment Plan members contribute at rates ranging from 3.0% to 4.3% of gross wages.

The District's contribution to the MPERS plan for the year ending June 30, 2008 was \$2,319,058, which equaled the actuarially determined amount. Covered payroll for the year ended June 30, 2008 was \$13,786,619; total payroll was \$13,913,595. Employee contributions for the year ended June 30, 2008 totaled \$477,904.

Post-Employment Benefits

Under the MPERS' Act, all retirees participating in the pension plan have the option of continuing health, dental, and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost for Medicare Part B and 10% of the monthly premium amount for the health, dental, and vision coverages. The District's required contribution for the post-employment benefits are discussed in the funding policy section above.

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE M - CONTINGENT LIABILITIES:

Unemployment Claims –

The School District is a reimbursing employer to the Michigan Employment Security Commission for unemployment insurance and as such is responsible to pay the Commission for those benefits paid and charged to its account. As of June 30, 2008, appropriate liabilities have been recorded for all claims paid on the District's behalf by the Commission. No provision has been made for future payments that might result from claims in process or unfilled.

Delinquent Tax Reimbursements –

Jackson County's Delinquent Tax Revolving Fund annually reimburses Western School District for its delinquent real property taxes for the current year levy as of March 1. The School District is responsible for repayment to the County's Delinquent Tax Revolving Fund of any taxes which remain unpaid five years after the original date of delinquency. The dollar amount of the contingent liability under this agreement has not been determined, however, past payments to the fund have been immaterial in amount.

Union Negotiations –

The District is in negotiations with the Teachers, Support Personnel and Secretarial units of Western employee unions. These contracts expired as of August 31, 2008. Employees continue to work under the terms of the expired agreement.

NOTE N – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

Western School District does not provide any post-employment benefits other than those provided by the Michigan Public School Employees' Retirement System.

NOTE O - COMMITMENTS:

Lease Agreements - Western School District has committed to monthly lease payments under various agreements for office and other equipment. Future minimum payments due under these agreements are as follows:

<u>Fiscal Year Ending:</u>	<u>Amount</u>
June 30, 2009	\$ 109,344
June 30, 2010	72,985
June 30, 2011	64,476
June 30, 2012	16,276
June 30, 2013	-
	<u>\$ 263,081</u>

WESTERN SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

NOTE P – RISK MANAGEMENT:

The District is exposed to various risks of loss related to property loss or damage, torts, errors and omissions claims, and employee injuries. The District has purchased commercial insurance to protect itself from errors and omissions claims, employee injury (workers' compensation) and medical benefits.

The District participates in an association of educational institutions located within the State of Michigan for self-insuring property and casualty claims and losses. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for these coverages. In the event the association's total claims and expenses for a policy year exceed the total normal premiums for said year, all members of the policy year may be subject to special assessments to cover the difference. The association maintains reinsurance to limit its exposure to large claims. To date, the District has not been notified of the need for any special assessments; refunds have been received or credited to premiums for the past several years.

The District also self-insures for its administrators' dental/vision coverage through a third party administrator. Approximately twenty employees are covered under this plan. Claims paid during the year ended June 30, 2008 were approximately \$29,000. Payments to the plan administrator are expensed as made. The amount held by the administrator and the estimated claims incurred but not reported were both insignificant at June 30, 2008.

NOTE Q – SUBSEQUENT EVENTS:

Bond Issue –

Western Schools participated in the Michigan Municipal Bond Authority's issuance of Revenue Anticipation notes in August 2008 as necessary to meet cash flow requirements. Western's portion of these notes totaled \$2,000,000. Repayment is to be made from pledged state aid in August 2009.

Capital Lease –

The District acquired 290 computers in July 2008 at a total cost of \$220,783. This purchase was financed with a capital lease through the vendor. Annual payments of \$73,766 are due at lease inception and July 2009 and 2010. A final payment of \$14,786 is due in July 2011.

Installment Purchase Agreement -

The District acquired three new 2009 school buses in October 2008 at a total cost of \$220,192. This purchase was financed with an installment purchase agreement through the vendor. A deposit of \$42,548 was made upon signing the agreement. Annual principal payments of \$42,548 plus interest at 4.39% are due each October through 2012.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS		ACTUAL
	ORIGINAL	FINAL	
Revenues:			
Local sources	\$ 3,714,563	\$ 2,911,189	\$ 2,867,494
State sources	19,084,994	18,932,863	18,995,067
Federal sources	218,725	365,170	290,654
Interdistrict sources	-	1,102,063	1,197,258
Total revenues	23,018,282	23,311,285	23,350,473
Expenditures:			
Current:			
Instruction:			
Basic programs	11,333,773	11,347,163	11,239,804
Added needs	3,019,842	3,359,523	3,210,606
Community education	135,562	147,533	132,353
Total instruction	14,489,177	14,854,219	14,582,763
Support Services:			
Pupil	2,507,703	476,426	478,589
Instructional staff	-	564,971	497,735
General administration	853,143	364,792	331,049
School administration	-	1,404,712	1,349,183
Business services	-	558,274	548,737
Operating building services	2,197,574	2,216,751	2,034,419
Pupil transportation	1,426,639	1,352,500	1,603,548
Central services	921,124	922,589	1,057,806
Other	9,000	1,585	1,585
Total support services	7,915,183	7,862,600	7,902,651
Community services	267,034	244,510	238,716
Other transactions	-	-	-
Debt service	-	149,536	385,884
Total expenditures	22,671,394	23,110,865	23,110,014
Revenues over expenditures	346,888	200,420	240,459
Other Financing Sources (Uses):			
Proceeds from Long-term Debt/Sale of School Property	-	554,791	554,791
Transfers Out	(410,688)	(459,991)	(452,991)
Total Other Financing Sources (Uses)	(410,688)	94,800	101,800
Net Change in Fund Balances	(63,800)	295,220	342,259
Fund Balance - Beginning	2,171,413	2,408,684	2,408,684
Fund Balance - Ending	\$ 2,107,613	\$ 2,703,904	\$ 2,750,943

The accompanying notes are an integral part of the financial statements.

OTHER ADDITIONAL INFORMATION

WESTERN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

	SPECIAL REVENUE	CAPITAL PROJECTS BUILDING & SITE	TOTAL
Assets:			
Cash	\$ 55,004	\$ 659,663	\$ 714,667
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other funds	-	-	-
Due from other governmental units	5,093	-	5,093
Inventory	11,479	-	11,479
	<hr/>	<hr/>	<hr/>
Total assets	\$ 71,576	\$ 659,663	\$ 731,239
	<hr/>	<hr/>	<hr/>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 25,754	\$ 11,070	\$ 36,824
Accrued expenses	-	-	-
Salaries payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	11,211	-	11,211
Total liabilities	36,965	11,070	48,035
	<hr/>	<hr/>	<hr/>
Fund balance:			
Reserved	3,772	-	3,772
Unreserved	30,839	648,593	679,432
Total fund balance	34,611	648,593	683,204
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 71,576	\$ 659,663	\$ 731,239
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE	CAPITAL PROJECTS BUILDING & SITE	TOTAL
Revenues:			
Local sources	\$ 458,624	\$ 24,415	\$ 483,039
State sources	41,391	-	41,391
Federal sources	322,901	-	322,901
Total revenues	<u>822,916</u>	<u>24,415</u>	<u>847,331</u>
Expenditures:			
Current Operations:			
Athletics	473,853	-	473,853
Food Service	788,504	-	788,504
Debt service	-	-	-
Capital outlay	-	11,070	11,070
Total expenditures	<u>1,262,357</u>	<u>11,070</u>	<u>1,273,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(439,441)</u>	<u>13,345</u>	<u>(426,096)</u>
Other Financing Sources (Uses):			
Proceeds of refunding bonds	-	-	-
Operating transfers in	452,991	-	452,991
Payments to refunding escrow agent	-	-	-
Operating transfers out	-	-	-
Other financing sources (uses)	<u>452,991</u>	<u>-</u>	<u>452,991</u>
Net Change in Fund Balances	13,550	13,345	26,895
Fund Balance - Beginning	<u>21,061</u>	<u>635,248</u>	<u>656,309</u>
Fund Balance - Ending	<u>\$ 34,611</u>	<u>\$ 648,593</u>	<u>\$ 683,204</u>

The accompanying notes are an integral part of the financial statements.

WESTERN SCHOOL DISTRICT
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2008

	<u>ATHLETICS</u>	<u>SCHOOL LUNCH</u>	<u>TOTAL</u>
Assets:			
Cash	\$ 31,073	\$ 23,931	\$ 55,004
Accounts receivable	-	-	-
Taxes receivable	-	-	-
Due from other funds	-	-	-
Due from other governmental units	-	5,093	5,093
Inventory	-	11,479	11,479
	<hr/>	<hr/>	<hr/>
Total assets	\$ 31,073	\$ 40,503	\$ 71,576
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 234	\$ 25,520	\$ 25,754
Accrued expenses	-	-	-
Salaries payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	11,211	11,211
Total liabilities	<hr/> 234	<hr/> 36,731	<hr/> 36,965
	<hr/>	<hr/>	<hr/>
Fund balance:			
Reserved	-	3,772	3,772
Unreserved	30,839	-	30,839
Total fund balance	<hr/> 30,839	<hr/> 3,772	<hr/> 34,611
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balance	\$ 31,073	\$ 40,503	\$ 71,576
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	ATHLETICS	SCHOOL LUNCH	TOTAL
Revenues:			
Local sources	\$ 84,644	\$ 373,980	\$ 458,624
State sources	-	41,391	41,391
Federal sources	-	322,901	322,901
Total revenues	84,644	738,272	822,916
Expenditures:			
Current Operations:			
Athletics	473,853	-	473,853
Food Service	-	788,504	788,504
Debt service	-	-	-
Capital outlay	-	-	-
Total expenditures	473,853	788,504	1,262,357
Excess (Deficiency) of Revenues Over Expenditures	(389,209)	(50,232)	(439,441)
Other Financing Sources (Uses):			
Proceeds of refunding bonds	-	-	-
Operating transfers in	399,991	53,000	452,991
Payments to refunding escrow agent	-	-	-
Operating transfers out	-	-	-
Other financing sources (uses)	399,991	53,000	452,991
Net Change in Fund Balances	10,782	2,768	13,550
Fund Balance - Beginning	20,057	1,004	21,061
Fund Balance - Ending	\$ 30,839	\$ 3,772	\$ 34,611

The accompanying notes are an integral part of the financial statements.

GENERAL FUND FINANCIAL STATEMENTS

The General Fund accounts for all transactions related to the operations of the school district, except those transactions required by law to be entered into other funds.

The following statements of the General Fund -- Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance -- provide additional detail to assist in the analysis of the General Fund's finances.

WESTERN SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
JUNE 30, 2008
(WITH COMPARATIVE TOTALS FROM JUNE 30, 2007)

	<u>2008</u>	<u>2007</u>
Assets:		
Cash and cash equivalents	\$ 3,263,147	\$ 1,179,032
Investments	-	-
Accounts receivable	15,135	35,096
Taxes receivable	37,532	-
Due from other funds	-	1,919
Due from other governments	3,556,838	3,356,152
Inventory	21,197	26,792
Prepaid expenses	121,329	249,117
	<u> </u>	<u> </u>
Total assets	<u>\$ 7,015,178</u>	<u>\$ 4,848,108</u>
 Liabilities and Fund Balance:		
Liabilities:		
Accounts payable	\$ 199,483	\$ 112,709
Due to other funds	-	-
Salaries payable	1,396,948	1,505,063
Accrued expenses	549,762	781,973
Deferred revenue	44,442	39,679
State Aid Anticipation Note Payable	2,073,600	-
Total liabilities	<u>4,264,235</u>	<u>2,439,424</u>
 Fund Balance:		
Reserved	142,526	15,476
Unreserved	2,608,417	2,164,710
Total fund balance	<u>2,750,943</u>	<u>2,408,684</u>
	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 7,015,178</u>	<u>\$ 4,848,108</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>REVENUES, INCOMING TRANSFERS & OTHER TRANSACTIONS:</u>			
LOCAL SOURCES:			
Property tax	\$ 2,552,844	\$ 2,469,344	\$ 2,308,076
Delinquent tax collections	17,000	18,525	54,144
Penalties and interest on delinquent taxes	8,000	13,367	7,661
Total taxes	<u>2,577,844</u>	<u>2,501,236</u>	<u>2,369,881</u>
Tuition - Community Ed. Enrichment	9,000	11,141	15,413
Tuition - Preschool	-	-	9,244
Interest	80,000	101,789	70,770
Other local revenue:			
Latchkey Program	138,000	160,422	146,584
Rent of school facilities	5,000	6,961	6,615
Grants	95,345	64,805	-
Miscellaneous	6,000	21,140	12,293
Total revenues from local sources	<u>2,911,189</u>	<u>2,867,494</u>	<u>2,630,800</u>
STATE SOURCES:			
State Aid Foundation	17,698,320	17,749,720	17,708,823
Durant settlement - Sec. 11	18,446	18,446	18,445
At Risk - Sec. 31A	382,962	382,661	293,622
School Readiness - Sec. 32D	88,400	83,832	80,168
Special Education - Sec. 53	719,065	719,065	821,398
Renaissance Zone	25,670	25,671	26,261
Prior Year Adjustments	-	15,672	-
State Aid payments	<u>18,932,863</u>	<u>18,995,067</u>	<u>18,948,717</u>
Other State Revenue	-	-	35,919
Total revenues from state sources	<u>18,932,863</u>	<u>18,995,067</u>	<u>18,984,636</u>
FEDERAL SOURCES:			
Received through the State:			
Title I - Regular	265,950	230,269	154,554
Title II A - Improving Teacher Quality	86,369	57,957	84,710
Title II D - Technology Literacy Challenge	2,201	2,201	2,176
Title V - Innovative Education Programs	9,000	227	589
Other	600	-	1,126
Federal revenue received through the state	<u>364,120</u>	<u>290,654</u>	<u>243,155</u>
Received through the Jackson County ISD:			
Safe & Drug-Free Schools	<u>1,050</u>	<u>-</u>	<u>1,846</u>
Federal revenue received through the ISD	<u>1,050</u>	<u>-</u>	<u>1,846</u>
Total revenues from federal sources	<u>\$ 365,170</u>	<u>\$ 290,654</u>	<u>\$ 245,001</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>REVENUES, INCOMING TRANSFERS & OTHER TRANSACTIONS:</u> (Continued)			
INTERDISTRICT SOURCES:			
ISD - Career Prep	\$ 10,000	\$ 23,000	\$ 23,000
ISD - County Special Education	1,092,063	1,108,843	1,135,063
ISD - EDP reimbursement	-	47,454	47,256
ISD - Other reimbursements	-	17,961	-
Total revenues from interdistrict sources	<u>1,102,063</u>	<u>1,197,258</u>	<u>1,205,319</u>
Total revenues	<u>23,311,285</u>	<u>23,350,473</u>	<u>23,065,756</u>
INCOMING TRANSFERS AND OTHER TRANSACTIONS:			
Incoming Transfers -			
Building & Site Fund	250,000	-	-
Total incoming transfers - Other funds	<u>250,000</u>	<u>-</u>	<u>-</u>
Other transactions -			
Sale of school property	2,500	1,725	-
Proceeds from long-term debt	-	553,066	-
Total other transactions	<u>2,500</u>	<u>554,791</u>	<u>-</u>
Total incoming transfers & other transactions	<u>252,500</u>	<u>554,791</u>	<u>-</u>
Total revenues, incoming transfers and other transactions	<u>23,563,785</u>	<u>23,905,264</u>	<u>23,065,756</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u>			
INSTRUCTION:			
<u>Basic Programs - Elementary:</u>			
Professional Salaries	2,939,160	2,944,963	2,777,907
Non-Professional Salaries	41,200	47,311	51,907
Insurances	666,439	664,667	665,670
FICA, Retirement and Other Mandatory Coverages	756,534	746,536	717,789
Other Benefits	21,800	16,593	22,607
Purchased Services	33,196	35,101	84,710
Supplies & Materials	96,824	97,670	119,443
Capital Outlay	4,500	1,174	22,531
Total Basic Programs - Elementary	<u>\$ 4,559,653</u>	<u>\$ 4,554,015</u>	<u>\$ 4,462,564</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
INSTRUCTION: (Continued)			
<u>Basic Programs - Middle School:</u>			
Professional Salaries	\$ 1,935,858	\$ 1,943,402	\$ 1,941,095
Non-Professional Salaries	30,000	33,597	22,869
Insurances	470,780	446,306	507,927
FICA, Retirement and Other Mandatory Coverages	484,452	485,916	500,951
Other Benefits	10,300	7,800	14,346
Purchased Services	-	-	-
Supplies & Materials	83,894	76,885	115,552
Capital Outlay	4,000	1,642	2,177
Total Basic Programs - Middle School	<u>3,019,284</u>	<u>2,995,548</u>	<u>3,104,917</u>
<u>Basic Programs - High School:</u>			
Professional Salaries	2,236,953	2,193,187	2,108,148
Non-Professional Salaries	75,000	89,060	37,060
Insurances	492,757	454,182	517,261
FICA, Retirement and Other Mandatory Coverages	570,716	560,462	537,805
Other Benefits	12,600	12,000	15,957
Purchased Services	21,000	19,361	16,454
Supplies & Materials	87,645	81,123	218,432
Capital Outlay	12,500	8,894	16,339
Total Basic Programs - High School	<u>3,509,171</u>	<u>3,418,269</u>	<u>3,467,456</u>
<u>Basic Programs - Options Center (High School):</u>			
Professional Salaries	108,061	119,519	103,600
Non-Professional Salaries	-	3,133	39,559
Insurances	32,488	30,893	57,854
FICA, Retirement and Other Mandatory Coverages	26,356	30,730	35,427
Other Benefits	-	-	-
Purchased Services	-	-	-
Supplies & Materials	3,750	4,161	5,870
Capital Outlay	-	-	-
Total Basic Programs - Options Center (High School)	<u>\$ 170,655</u>	<u>\$ 188,436</u>	<u>\$ 242,310</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
INSTRUCTION: (Continued)			
<u>Basic Programs - Preschool (School Readiness):</u>			
Professional Salaries	\$ 15,000	\$ 15,000	\$ 6,000
Non-Professional Salaries	41,240	46,035	53,178
Insurances	-	-	2,000
FICA, Retirement and Other Mandatory Coverages	13,550	15,060	13,762
Other Benefits	-	-	200
Purchased Services	15,420	5,361	7,387
Supplies & Materials	3,190	2,080	6,885
Total Basic Programs - Preschool (School Readiness)	<u>88,400</u>	<u>83,536</u>	<u>89,412</u>
 Total Basic Programs	 <u>11,347,163</u>	 <u>11,239,804</u>	 <u>11,366,658</u>
<u>Added Needs - Special Education:</u>			
Professional Salaries	967,943	953,347	934,346
Non-Professional Salaries	400,177	431,185	414,894
Insurances	345,011	330,981	342,436
FICA, Retirement and Other Mandatory Coverages	338,890	337,273	340,183
Other Benefits	7,480	4,950	7,375
Purchased Services	-	130	-
Supplies & Materials	14,000	6,761	6,901
Total Added Needs - Special Education	<u>2,073,501</u>	<u>2,064,627</u>	<u>2,046,135</u>
<u>Added Needs - Compensatory Ed - At Risk:</u>			
Professional Salaries	420,029	320,361	256,961
Non-Professional Salaries	77,928	72,261	74,374
Insurances	67,360	86,879	27,272
FICA, Retirement and Other Mandatory Coverages	121,455	80,996	81,287
Other Benefits	-	-	-
Purchased Services	-	39	11,328
Supplies & Materials	-	-	-
Total Added Needs - Compensatory Ed - At Risk	<u>686,772</u>	<u>560,536</u>	<u>451,222</u>
<u>Added Needs - Compensatory Ed - Title I:</u>			
Professional Salaries	117,699	118,012	103,140
Insurances	29,165	26,751	27,580
FICA, Retirement and Other Mandatory Coverages	28,707	28,596	24,433
Purchased Services	62,385	39,338	-
Supplies & Materials	48,933	47,438	267
Total Added Needs - Compensatory Ed - Title I	<u>\$ 286,889</u>	<u>\$ 260,135</u>	<u>\$ 155,420</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
INSTRUCTION: (Continued)			
<u>Added Needs - Compensatory Ed - Reading:</u>			
Professional Salaries	\$ 232,743	\$ 235,250	\$ 204,105
Insurances	32,488	32,326	48,252
FICA, Retirement and Other Mandatory Coverages	46,130	57,507	54,270
Other Benefits	-	-	-
Purchased Services	1,000	225	16,041
Supplies & Materials	-	-	-
Total Added Needs - Compensatory Ed - Reading	<u>312,361</u>	<u>325,308</u>	<u>322,668</u>
Total Added Needs	<u>3,359,523</u>	<u>3,210,606</u>	<u># 2,975,446</u>
<u>Community Education - Adult:</u>			
Professional Salaries	58,599	55,222	74,433
Non-Professional Salaries	22,300	22,658	21,927
Insurances	32,244	30,307	22,921
FICA, Retirement and Other Mandatory Coverages	19,732	19,618	24,729
Purchased Services	900	623	797
Supplies & Materials	13,758	3,925	11,540
Capital Outlay	-	-	2,646
Total Community Education - Adult	<u>147,533</u>	<u>132,353</u>	<u>158,993</u>
Total Instruction	<u>14,854,219</u>	<u>14,582,763</u>	<u>14,501,097</u>
<u>Pupil Services - Guidance Services:</u>			
Professional Salaries	220,432	233,564	225,041
Insurances	64,976	62,770	72,427
FICA, Retirement and Other Mandatory Coverages	53,763	57,113	58,857
Other Benefits	-	-	-
Purchased Services	-	-	-
Total Student Services - Guidance	<u>339,171</u>	<u>353,447</u>	<u>356,325</u>
<u>Pupil Services - Social Workers:</u>			
Nonprofessional salaries	74,163	73,702	72,627
Insurances	8,100	479	7,971
FICA, Retirement and Other Mandatory Coverages	18,474	18,649	18,744
Other Benefits	5,600	7,292	5,000
Supplies & Materials	-	-	-
Total Student Activities	<u>\$ 106,337</u>	<u>\$ 100,122</u>	<u>\$ 104,342</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
SUPPORT SERVICES:			
<u>Pupil Services - Lunch & Playground Supervision:</u>			
Nonprofessional salaries	\$ 24,856	\$ 20,146	\$ 22,835
FICA, Retirement and Other Mandatory Coverages	6,062	4,874	6,084
Purchased Services	-	-	-
Supplies & Materials	-	-	-
Total Student Activities	<u>30,918</u>	<u>25,020</u>	<u>28,919</u>
Total Support Services - Pupil Services	<u>476,426</u>	<u>478,589</u>	<u>489,586</u>
<u>Instructional Staff:</u>			
<u>Improvement of Instruction (Curriculum Coordinator):</u>			
Professional Salaries	94,730	94,731	63,154
Non-Professional Salaries	-	-	-
Insurances	16,000	13,575	13,718
FICA, Retirement and Other Mandatory Coverages	23,105	23,159	16,043
Other Benefits	-	-	-
Purchased Services	107,445	60,934	45,195
Supplies & Materials	11,500	6,228	19,068
Other	550	200	4,400
Total Improvement of Instruction	<u>253,330</u>	<u>198,827</u>	<u>161,578</u>
<u>Educational Media Services:</u>			
Professional Salaries	139,940	140,482	135,862
Non-Professional Salaries	70,529	63,663	66,886
Insurances	38,639	34,820	37,009
FICA, Retirement and Other Mandatory Coverages	51,333	48,962	51,259
Purchased Services	-	-	-
Supplies & Materials	11,200	10,981	23,639
Capital Outlay	-	-	5,826
Total Educational Media Services	<u>311,641</u>	<u>298,908</u>	<u>314,655</u>
Total Support Services - Instructional Staff	<u>\$ 564,971</u>	<u>\$ 497,735</u>	<u>\$ 476,233</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
SUPPORT SERVICES: (Continued)			
<u>General Administration:</u>			
<u>Board of Education:</u>			
Non-Professional Salaries	\$ 3,220	\$ 2,240	\$ 2,770
Purchased services	41,100	27,292	36,937
Supplies	7,000	6,327	2,147
Total Board of Education	<u>51,320</u>	<u>35,859</u>	<u>41,854</u>
<u>Central Administration:</u>			
Professional Salaries	113,565	109,140	109,140
Non-Professional Salaries	49,049	48,710	59,887
Insurances	23,445	19,865	18,544
FICA, Retirement and Other Mandatory Coverages	44,488	52,974	47,208
Other Benefits	9,425	11,225	12,684
Purchased Services	57,500	38,995	56,521
Supplies & Materials	4,500	4,605	2,679
Other	11,500	9,676	21,005
Total Executive Administration	<u>313,472</u>	<u>295,190</u>	<u>327,668</u>
Total Support Services - General Administration	<u>364,792</u>	<u>331,049</u>	<u>369,522</u>
<u>School Administration:</u>			
<u>Office of the Principal :</u>			
Professional Salaries	546,502	530,408	628,506
Non-Professional Salaries	292,929	291,510	304,005
Insurances	235,086	214,365	212,473
FICA, Retirement and Other Mandatory Coverages	212,804	203,315	232,583
Other Benefits	1,250	1,250	5,703
Purchased Services	89,381	81,610	25,782
Supplies & Materials	15,360	12,763	12,982
Other	4,400	3,379	5,937
Total School Administration - Office of the Principal	<u>1,397,712</u>	<u>1,338,600</u>	<u>1,427,971</u>
<u>Other School Administration - Graduation:</u>			
Supplies	<u>7,000</u>	<u>10,583</u>	<u>6,914</u>
Total Support Servies - School Administration	<u>\$ 1,404,712</u>	<u>\$ 1,349,183</u>	<u>\$ 1,434,885</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
SUPPORT SERVICES: (Continued)			
<u>Business Services:</u>			
<u>Fiscal Services:</u>			
Professional Salaries	\$ 100,803	\$ 100,594	\$ 48,626
Non-Professional Salaries	153,745	155,941	164,394
Insurances	51,506	46,070	59,921
FICA, Retirement and Other Mandatory Coverages	66,412	64,505	53,462
Other Benefits	5,000	3,600	4,024
Purchased Services	3,000	3,641	36,671
Supplies and Materials	2,000	1,761	882
Other	1,000	733	1,144
Total Fiscal Services	<u>383,466</u>	<u>376,845</u>	<u>369,124</u>
<u>Internal Services:</u>			
Non-Professional Salaries	15,206	15,936	15,704
Insurances	2,500	2,500	2,500
FICA, Retirement and Other Mandatory Coverages	3,984	4,096	4,148
Purchased Services	4,000	3,228	5,813
Supplies & Materials	37,200	37,023	34,644
Total Internal Services	<u>62,890</u>	<u>62,783</u>	<u>62,809</u>
<u>Other Business Services:</u>			
Purchased Services	8,012	8,012	8,457
Other	103,906	101,097	55,414
Total Other Business Services	<u>111,918</u>	<u>109,109</u>	<u>63,871</u>
Total Business Services	<u>558,274</u>	<u>548,737</u>	<u>495,804</u>
<u>Operating Building Services:</u>			
Non-Professional Salaries	723,124	702,337	690,134
Insurances	295,349	268,658	269,939
FICA, Retirement and Other Mandatory Coverages	188,191	188,330	167,856
Other Benefits	-	-	15,768
Purchased Services	750,008	650,708	725,022
Supplies & Materials	137,000	133,081	131,128
Capital Outlay	123,079	91,305	7,326
Other	-	-	-
Total Operating Building Services	<u>\$ 2,216,751</u>	<u>\$ 2,034,419</u>	<u>\$ 2,007,173</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
SUPPORT SERVICES: (Continued)			
<u>Pupil Transportation Services:</u>			
Non-Professional Salaries	\$ 678,886	\$ 702,706	\$ 714,724
Insurances	133,700	129,534	120,318
FICA, Retirement and Other Mandatory Coverages	187,489	200,871	209,388
Other Benefits	-	-	-
Purchased Services	66,125	71,610	43,787
Supplies & Materials	286,300	280,757	210,648
Capital Outlay	-	218,070	-
Total Pupil Transportation Services	<u>1,352,500</u>	<u>1,603,548</u>	<u>1,298,865</u>
<u>Central Services:</u>			
<u>Planning, Research Development & Evaluation:</u>			
Non-Professional Salaries	-	-	-
FICA, Retirement and Other Mandatory Coverages	-	-	-
Purchased Services	10,000	1,208	9,296
Supplies & Materials	18,446	12,238	9,350
Other	9,000	7,231	18,039
Total Planning, Research Development & Evaluation	<u>37,446</u>	<u>20,677</u>	<u>36,685</u>
<u>Technology:</u>			
Non-Professional Salaries	274,509	305,641	300,503
Insurances	64,976	51,684	70,235
FICA, Retirement and Other Mandatory Coverages	67,157	75,215	75,767
Other Benefits	2,500	1,442	3,181
Purchased Services	1,222	2,498	33,289
Supplies	10,000	6,779	13,752
Other	464,779	593,870	332,866
Total Technology	<u>885,143</u>	<u>1,037,129</u>	<u>829,593</u>
Total Central Services	<u>922,589</u>	<u>1,057,806</u>	<u>866,278</u>
<u>Other:</u>			
Purchased Services	<u>1,585</u>	<u>1,585</u>	<u>1,505</u>
Total Other	<u>1,585</u>	<u>1,585</u>	<u>1,505</u>
Total Support Services	<u>\$ 7,862,600</u>	<u>\$ 7,902,651</u>	<u>\$ 7,439,852</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
COMMUNITY SERVICES:			
<u>Fine Arts Center:</u>			
Non-Professional Salaries	\$ 50,051	\$ 50,051	\$ 66,717
Insurances	24,774	21,390	19,660
FICA, Retirement and Other Mandatory Coverages	12,808	12,941	16,666
Other Benefits	1,500	1,365	536
Purchased Services	-	-	4,194
Supplies & Materials	250	-	9,161
Capital Outlay	-	-	2,337
Total Fine Arts Center	<u>89,383</u>	<u>85,747</u>	<u>119,271</u>
<u>Child Care Program:</u>			
Non-Professional Salaries	104,200	102,750	95,735
Insurances	14,000	13,575	12,954
FICA, Retirement and Other Mandatory Coverages	25,677	26,118	26,045
Other Benefits	-	-	-
Purchased Services	5,000	5,467	4,134
Supplies & Materials	6,250	4,195	7,716
Capital Outlay	-	864	11,126
Other	-	-	-
Total Community Services - Child Care	<u>155,127</u>	<u>152,969</u>	<u>157,710</u>
Total Community Services	<u>244,510</u>	<u>238,716</u>	<u>276,981</u>
Total Expenditures	<u>22,961,329</u>	<u>22,724,130</u>	<u>22,217,930</u>
OUTGOING TRANSFERS AND OTHER TRANSACTIONS:			
Outgoing Transfers:			
Athletics Fund	399,991	399,991	394,916
Food Service Fund	60,000	53,000	-
Capital Projects Fund	-	-	-
Total outgoing transfers	<u>\$ 459,991</u>	<u>\$ 452,991</u>	<u>\$ 394,916</u>

The accompanying notes are an integral part of this statement.

WESTERN SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008 (WITH COMPARATIVE TOTALS FROM 2007)

	<u>BUDGET</u> <u>2008</u>	<u>ACTUAL</u> <u>2008</u>	<u>ACTUAL</u> <u>2007</u>
<u>EXPENDITURES, OUTGOING TRANSFERS AND OTHER TRANSACTIONS:</u> (Continued)			
OUTGOING TRANSFERS AND OTHER TRANSACTIONS: (Continued)			
Debt Service - Long Term:			
Land Acquisition - Principal	\$ -	\$ 41,094	\$ 39,521
Bus Notes - Principal	131,800	131,578	83,046
Capital Lease Redemption	-	195,238	82,201
Bus Notes - Interest	-	2,163	2,259
Other Long Term Debt - Interest	17,736	15,811	17,385
Total Loan Payments	<u>149,536</u>	<u>385,884</u>	<u>224,412</u>
Prior Year Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Total Outgoing Transfers and Other Transactions	<u>609,527</u>	<u>838,875</u>	<u>619,328</u>
Total Expenditures, Outgoing Transfers and Other Transactions	<u>23,570,856</u>	<u>23,563,005</u>	<u>22,837,258</u>
Excess (Deficiency) of Revenues, Incoming Transfers and Other Transactions Over Expenditures, Outgoing Transfers and Other Transactions	(7,071)	342,259	228,498
Fund Balance- Beginning	<u>2,408,684</u>	<u>2,408,684</u>	<u>2,180,186</u>
Fund Balance - Ending	<u>\$ 2,401,613</u>	<u>\$ 2,750,943</u>	<u>\$ 2,408,684</u>

The accompanying notes are an integral part of this statement.

FIDUCIARY FUND FINANCIAL STATEMENTS

Western School District has two types of Fiduciary funds -- the Wirebaugh Scholarship Fund, which is a private-purpose trust fund, and the Student Activities Fund, which is an agency fund.

Agency Funds are custodial in nature. They are used to report assets received and disbursed by student and other school groups. The District acts as a receiving and paying agent for these groups.

Agency Funds do not generate revenue and expenditure transactions, as the District is not conducting operations. Consequently, this fund reports assets and liabilities; it does not report equity. Western School District has one Agency Fund -- the Student Activities Fund. This fund records receipts and disbursements for student and other school groups.

The following schedule -- Schedule of Receipts, Disbursements, and Balances -- Student Activities Fund -- is presented to assist in the analysis of the volume of activity conducted by student and other groups.

WESTERN SCHOOL DISTRICT
STUDENT ACTIVITIES AGENCY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	BALANCE 06/30/07	DEPOSITS	CHECKS	BALANCE 06/30/08
Cash	\$316,661	\$537,115	\$553,060	\$300,716
Due to Student and Other Groups:				
General	82,145	71,645	89,093	64,697
Project LEAPS	1,000	-	-	1,000
Class of 2008	6,018	359	1,062	5,315
TV Studio	82	-	-	82
Western Nature Center	252	174	-	426
Choir (Shirts & Dresses)	1,843	4,807	7,488	(838)
Special Olympics	25	1,151	1,553	(377)
Theatre Arts	9,482	10,124	9,973	9,633
Book Deposits	64,207	12,431	19,226	57,412
Class of 2003	2,397	-	-	2,397
Class of 1996	155	-	-	155
Class of 2001	802	-	-	802
National Honor Society	19	-	191	(172)
Western Hemisphere	-	1,179	1,500	(321)
Class of 2004	1,395	-	-	1,395
Student Council	1,231	8,658	7,292	2,597
Class of 1999	3,170	-	-	3,170
Yearbook	2,639	26,056	25,469	3,226
Cheerleaders	1,614	213	1,827	-
Gymnastics	456	6,277	5,325	1,408
Warner Elementary PTO	8,799	63,331	65,855	6,275
Key Club at WHS	711	634	822	523
MS Panter Parliament	2,127	632	1,324	1,435
MS Vending Machines	1,569	4,273	5,872	(30)
Class of 2005	2,028	-	-	2,028
HS Lounge	409	1,866	2,068	207
HS Revolving	938	5,911	6,540	309
MS Yearbook	538	5,280	4,309	1,509
MS Revolving	4,673	60,966	49,176	16,463
Warner Elementary School	7,154	8,513	7,036	8,631
Band	12,096	19,509	21,958	9,647
Subtotal - Carryforward	\$ 219,974	\$ 313,989	\$ 334,959	\$ 199,004

The accompanying notes to the financial statements are an integral part of this schedule.

WESTERN SCHOOL DISTRICT
STUDENT ACTIVITIES AGENCY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	BALANCE 06/30/07	DEPOSITS	CHECKS	BALANCE 06/30/08
Due to Student and Other Groups: (Continued)				
Subtotal - Brought forward	\$ 219,974	\$ 313,989	\$ 334,959	\$ 199,004
Band Uniform Deposit	2,109	11,108	4,789	8,428
Parma Elementary School	5,630	17,958	9,137	14,451
Bean Elementary School	10,069	38,925	41,289	7,705
Elementary Carnival	97	19,892	19,989	-
High School Arts Club	552	559	836	275
HS Issued Calculators	3,632	150	-	3,782
Class of 2006	238	1,500	-	1,738
MS Lounge Pop Account	773	1,275	2,923	(875)
Post Prom Party	1,145	7,340	7,909	576
ID Cards	1,638	582	-	2,220
Options Center Revolving	6,895	-	-	6,895
National Jr. Honor Society	31	-	-	31
Middle School Shop	-	762	1,292	(530)
Key Club Projects	-	-	7	(7)
Class of 2007	2,394	-	400	1,994
Feelin' Good (Pumpkin Run)	1,514	-	-	1,514
MS Manufacturing Gold Team	397	-	-	397
HS Library	409	77	-	486
Boy's Baseball	1,177	720	1,752	145
Tennis Club	2,574	1,617	2,929	1,262
Western Choir	942	6,703	5,537	2,108
MS Manufacturing Maroon Team	1,000	-	-	1,000
Literary Magazine	99	-	-	99
Bowling Club	254	200	241	213
Peer Listening	1	-	-	1
Parma Elementary Stores	1,471	1,141	1,895	717
Elementary Drama Club	312	403	344	371
Debate Registration	-	2,825	2,825	-
Administration revolving	-	99	-	99
Shop Materials	-	1,921	2,057	(136)
Select Choir Trip	(329)	-	-	(329)
Woodville Snack Machine	18,593	10,853	10,739	18,707
Jeery Steele Scholarship	1,175	-	-	1,175
Subtotal - Carryforward	\$ 284,766	\$ 440,599	\$ 451,849	\$ 273,516

The accompanying notes to the financial statements are an integral part of this schedule.

WESTERN SCHOOL DISTRICT
STUDENT ACTIVITIES AGENCY FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	BALANCE 06/30/07	DEPOSITS	CHECKS	BALANCE 06/30/08
Due to Student and Other Groups: (Continued)				
Subtotal - Brought Forward	\$ 284,766	\$ 440,599	\$ 451,849	\$ 273,516
8th Grade Exemplary Student	94	-	94	-
Soccer	(202)	202	-	-
Spanish Club	1,685	81	1,070	696
French Club	1,747	39	344	1,442
Boys Basketball	947	14,194	12,541	2,600
Girls Basketball	1,637	6,158	7,361	434
Runners Club	377	5,131	4,123	1,385
Destination Imagination	479	350	769	60
MS Quest Activities	1,747	-	-	1,747
S.A.D.D.	150	-	-	150
Class of 2009	1,886	7,197	7,346	1,737
Jenny Evans Scholarship	1,083	-	1,083	-
MS Tennis Club	240	1,149	1,337	52
Volleyball	2,329	2,005	3,262	1,072
Auditorium	370	-	-	370
Youth Tackle Football	4,060	9,894	7,864	6,090
Football Club	1,072	6,631	4,566	3,137
Class of 2010	-	3,511	2,987	524
Wrestling	32	-	-	32
Athletic Merchandise	-	18,169	25,571	(7,402)
Steve Hunn Scholarship	3,265	-	-	3,265
MS Choppers	7,783	2,500	8,645	1,638
5th Grade Camp	2,000	10,900	11,277	1,623
Class of 2011	-	824		824
Exchange City	-	700		700
Exxon Mobil Grant	-	500	500	-
Athletic Merchandise	(886)	311	311	(886)
Tennis Training	-	510	100	410
High School Tennis - Girls	-	560	60	500
Old Bea School	-	5,000	-	5,000
Total Due to Student Groups	316,661	537,115	553,060	300,716
 Total Liabilities	 \$ 316,661	 \$ 537,115	 \$ 553,060	 \$ 300,716

The accompanying notes to the financial statements are an integral part of this schedule.

SINGLE AUDIT ACT REPORTING

WESTERN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

PROGRAM NAME	CFDA #	PROGRAM #	AMOUNT OF AWARD	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT EXPEND.
US DEPARTMENT OF AGRICULTURE:					
<i>PASSED THROUGH MICHIGAN DEPARTMENT OF EDUCATION (MDE):</i>					
USDA DONATED FOOD COMMODITIES	10.550	ENTITLE.	\$ 39,164	\$ -	\$ 32,480
USDA DONATED FOOD COMMODITIES	10.550	BONUS	-	-	-
			39,164	-	32,480
NATL SCHOOL LUNCH/BREAKFAST	10.553	071970	54,693	48,952	5,741
NATL SCHOOL LUNCH/BREAKFAST	10.553	081970	61,303	-	61,303
			115,996	48,952	67,044
NATL SCH LUNCH SEC 4	10.555	071950	42,983	38,892	4,091
NATL SCH LUNCH SEC 4	10.555	081950	33,587	-	33,587
NATL SCH LUNCH SEC 11 (F&R)	10.555	071960	198,806	178,482	20,324
NATL SCH LUNCH SEC 11 (F&R)	10.555	081960	165,375	-	165,375
			440,751	217,374	223,377
TOTAL USDA PASSED THROUGH MDE			595,911	266,326	322,901
US DEPARTMENT OF EDUCATION:					
<i>PASSED THROUGH MICHIGAN DEPARTMENT OF EDUCATION (MDE):</i>					
TITLE I PART A	84.010	071530 0607	211,991	154,554	402
TITLE I PART A	84.010	081530 0708	234,152	-	229,867
			446,143	154,554	230,269
SERVICE PROVIDER SELF REVIEW	84.027A	070440 0607	4,500	1,126	227
TITLE V - LEA ALLOCATION	84.298	070250 0607	1,700	1,700	-
TECHNOLOGY LITERACY CHALLENGE	84.318	074290 0607	4,834	4,834	-
TECHNOLOGY LITERACY CHALLENGE	84.318	074290 0607	2,201	-	2,201
TECHNOLOGY LITERACY CHALLENGE	84.318	074290 0607	7,035	4,834	2,201
IMPROVING TEACHER QUALITY	84.367	080520 0708	86,369	-	57,957
<i>TOTAL DEPT. OF ED PASSED THROUGH MDE</i>			545,747	162,214	290,654
TOTAL DEPT. OF EDUCATION			545,747	162,214	290,654
TOTALS			\$ 1,141,658	\$ 428,540	\$ 613,555

The accompanying notes are an integral part of this schedule.

ACCRUED (DEFERRED) REVENUE AT 6/30/07	CURRENT YEAR AMOUNT RECEIVED	ACCRUED (DEFERRED) REVENUE AT 6/30/08	CURRENT YEAR REVENUE
\$ -	\$ 32,480	\$ -	\$ 32,480
-	-	-	-
-	32,480	-	32,480
3,628	9,369	-	5,741
-	61,303	-	61,303
3,628	70,672	-	67,044
2,038	6,130	-	4,092
-	33,587	-	33,587
9,442	29,765	-	20,323
-	165,375	-	165,375
11,480	234,857	-	223,377
15,108	338,009	-	322,901
-	402	-	402
-	182,209	47,658	229,867
-	182,611	47,658	230,269
-	227	-	227
1,700	1,700	-	-
4,834	4,834	-	-
-	-	2,201	2,201
4,834	4,834	2,201	2,201
-	2,930	55,027	57,957
6,534	192,302	104,886	290,654
6,534	192,302	104,886	290,654
\$ 21,642	\$ 530,311	\$ 104,886	\$ 613,555

WESTERN SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Western School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Expenditures in this schedule are in agreement with amounts reported in the financial statements and in the financial reports submitted to Grantor Agencies.

NOTE B – SUBRECIPIENTS:

Western School District awarded no federal awards to subrecipients.

NOTE C – REPORTING OF EXPENDITURES:

In certain programs, expenditures exceeded the total approved grant award amount. Western School District pays for these expenditures with general operating revenues. Accordingly, the Schedule of Expenditures of Federal Awards includes only the amount of federal dollars expended, up to the total approved grant award amount.

NOTE D – NONMONETARY FEDERAL AID:

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received for the Food Service program. The fair value of commodities received and used during the year ended June 30, 2008 was \$32,480, and is included in the expenditures and cash receipts columns on this schedule.

NOTE E – RECONCILIATION OF MICHIGAN DEPARTMENT OF EDUCATION FORM R7120 (GRANTS SECTION AUDITORS REPORT) WITH FEDERAL REVENUE:

Current payments per Grant Auditor Reports:	
Grants Section Auditors Report (R1720)	\$ 305,530
CMS Grant Auditor Report	192,302
Less - Prior year payments	-
	<hr/> 497,832
Add: Noncash Grant - USDA Commodities	32,480
Adjustments to reverse prior year accruals	(21,643)
Adjustments to current year accruals	104,886
Federal revenue/expenditures per schedule	<hr/> <hr/> \$ 613,555

WESTERN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Report on Basic Financial Statements	<u> X </u>	Unqualified	<u> </u>	Qualified
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Internal control over financial reporting:

Material weakness(es) identified	<u> </u>	Yes	<u> X </u>	No
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Significant deficiency(ies) identified that are not considered to be material weaknesses	<u> </u>	Yes	<u> X </u>	None reported
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Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No
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Federal Awards

Internal control over major programs:

Material weakness(es) identified	<u> </u>	Yes	<u> X </u>	No
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Type of auditor’s report issued on compliance for major programs:	<u> X </u>	Unqualified	<u> </u>	Qualified
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Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> </u>	Yes	<u> X </u>	No
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WESTERN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

Section I – Summary of Auditor’s Results (Continued)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Part A – Improving Basic Programs

Dollar threshold used to distinguish between
type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes No

Section II – Financial Statement Findings

There were no findings related to the financial statements during the year ended June 30, 2008.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs during the year ended June 30, 2008.

Section IV– Prior Year Federal Award Findings

There were no findings or questioned costs during the fiscal year ended June 30, 2007.

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SOUTH CENTRAL MICHIGAN

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Western School District
Parma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Western School District as of and for the year ended June 30, 2008, which collectively comprise the Western School District's basic financial statements and have issued our report thereon dated October 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Western School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Western School District's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Western School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Western School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Western School District's internal control.

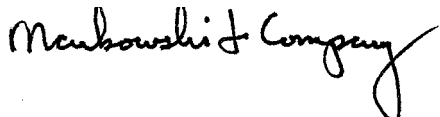
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of Western School District in a separate letter dated October 23, 2008.

This report is intended solely for the information and use of the Board of Education, its finance committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



MARKOWSKI & COMPANY, CPAs
October 23, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Western School District
Parma, Michigan

Compliance

We have audited the compliance of the Western School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Western School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Western School District's management. Our responsibility is to express an opinion on the Western School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Western School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Western School District's compliance with those requirements.

In our opinion, the Western School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

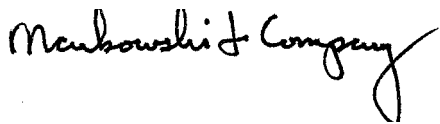
The management of the Western School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Western School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on the effectiveness of internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Western School Districts' internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program in a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Western School District's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the district's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, its Finance Committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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October 23, 2008

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SOUTH CENTRAL MICHIGAN

To the Board of Education
Western School District
Parma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Western School District** for the year ended June 30, 2008, and have issued our report thereon dated October 23, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 4, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 4, 2008.

Significant Auditing Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Western School District are described in Note A to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2008. We noted no transactions entered into by the Western School District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Audit Findings (Continued)

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is: management's estimate of the salvage value of fixed assets, and their useful lives. We evaluated the key factors and assumptions used to develop these estimates and determined that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. There were no sensitive disclosures in the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We were very pleased with the cooperation of the administrative staff. The staff - especially Amy Annis, Ginny Atkins, Sharlene Carroll, and Sharon Zeller - was very helpful during our audit.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 23, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

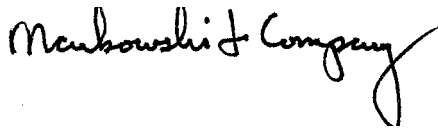
Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Western School District' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have attached a summary of comments and recommendations to address issues that arose during our audit. None of these items are considered significant deficiencies in internal control.

This information is intended solely for the use of the Board of Education and management of Western School District and should not be used for any other purpose

Sincerely,

A handwritten signature in black ink that reads "Markowski & Company". The signature is written in a cursive, flowing style.

MARKOWSKI & COMPANY CPAs
October 23, 2008

**WESTERN SCHOOL DISTRICT
SCHEDULE OF COMMENTS AND RECOMMENDATIONS
YEAR ENDED JUNE 30, 2008**

We offer the following comments to provide the Board with appropriate information regarding situations that arose during the course of our audit of the District's June 30, 2008 financial statements. We did not consider any of these comments to represent significant deficiencies in internal control.

Comment 2008-1: Insurance of Deposits

During communications with the District's financial institution, it was learned that none of the District's deposits were covered by FDIC insurance. While the financial institution is sound financially, this does pose a significant risk to the District.

District Response:

The District's Finance Director will meet with the financial institution regarding its use of their cash sweeps accounts. Possible modifications to District practices may include retaining \$250,000 in an insured checking account and opening a brokerage account through the financial institution to invest excess District funds in certificates of deposit covered by FDIC insurance.

Comment 2008-2: Investment Policy

The District currently has an investment policy in place which conforms to state law. The policy does specifically name the District funds which are covered by the policy. This list of named funds does not include the recently created private purpose trust fund – the Brad Wirebaugh Scholarship Fund.

District Response:

As part of the ongoing comprehensive review of District policies, the Finance Director will incorporate changes to the District's investment policy to address this oversight. Changes to the policy may include removing reference to the specific funds and developing a policy that references all District funds.

Comment 2008-3: Approval of Journal Entries

The District's bookkeeper resigned in April 2008, and the position was eliminated as part of a cost saving restructuring of the central office. One of the changes resulted in the Finance Director preparing journal entries without independent review and approval.

District Response:

The Finance Director now provides the District's Director of Curriculum and Operations with the journal entries and all related support for review and approval on a monthly basis. The Director of Curriculum and Operations notes the completion of the review and approval by initialing and dating the bottom of each journal sheet.

WESTERN SCHOOL DISTRICT
SCHEDULE OF COMMENTS AND RECOMMENDATIONS - Continued
YEAR ENDED JUNE 30, 2008

Comment 2008-4: Approval of Opening/Closing of Bank accounts

During 2008, the District management closed several checking accounts without Board approval. It is the Board policy that all account openings and closing be approved by the Board

District Response

The Board was aware of the account closings at the time they occurred, but approval was not reflected in the official minutes. Formal approval of this action is to take place at the Board's regular meeting in November 2008. All future accounting openings and closings will be specifically mentioned in Board minutes.

Comment 2008-5: Draws of federal Funds:

The final draw on federal grants for the 2007/8 programs was made in September 2008. This draw was in excess of \$100,000. While cash management requirements of the federal government limit the timing of District draws (the District is to request funds no more than three days in advance of spending them), the District could improve its cash flow by requesting future draws in a more timely manner.

District Response:

The Finance Director agrees that the timing of federal fund requests could be improved. As mentioned earlier, the District's finance department was undergoing a restructuring 2007/8. This is will not be repeated in the future, and draws will be requested in a timely manner in the future.

WESTERN SCHOOL DISTRICT
CONSIDERATION OF WAIVED ADJUSTMENTS
AS OF JUNE 30, 2008

FINDING	W/P REF	OVER (UNDER) STATEMENT OF		
		ASSETS	LIABILITIES	EXCESS OF REV/EXP
GENERAL FUND: (Materiality is \$177,000; Tolerable misstatement is \$132,500)				
Payables testing revealed that a net over accrual was booked by WSD for the year ended 6/30/08	7-3	-	(802)	802
Salaries accrual at year end did not include the annuities; search of subsequent payrolls revealed this k liability to be =	10-4	-	(7,230)	7,230
Effect of 6/30/08 waived adjustments		-	(8,032)	8,032
Prior year waived adjustments affecting 2007/8:				
Check #82778 was on o/s list at \$2,100; it cleared in July 2007 for only \$35 (which was the correct amount of the check).	3-3.2	-	-	2,065
The June bank reconciliation for General Savings a/c includes small adjustments not booked by the District	3-3.2	-	-	83
In September 2007, the County Treasurer revised taxable values for the past 10 years. The District accrued the BOR changes for Blackman, Parma & Spring Arbor twsps which affected years 2004-2006	5-4.1	-	-	17,316
Taxes receivable (for delinquent personal property taxes being collected by the County) were not booked as of 6/30/07.	5-2.7	-	-	1,898
Search for receivables revealed insurance refunds received within 60 days of year end that were not accrued	5-10	-	-	18,324
The District deferred the grant for PLC training as of 6/30/07; tests of Admin Conference expense revealed \$16,500 spent on conference registrations for the PLC training	7-1.1i	-	-	16,500
Payables testing revealed that a net over accrual was booked by WSD for the year ended 6/30/07	7-3	-	-	2,239
		-	-	58,425
TOTAL GENERAL FUND		-	(8,032)	66,457
MAJOR FUND - DEBT RETIREMENT FUND: (Materiality is \$33,000, Tolerable misstatement is \$24,750)				
No waived entries for 2007/8		-	-	-
Prior year waived adjustments affecting 2007:				
WSD didn't accrue June personal property tax collections received from the County in July 2007		-	-	8
WSD didn't accrue ck #83599 to the County Treasurer 8/31/07 for 1998,99 and 2002 tax tribunal refunds		-	-	(1,262)
		-	-	(1,254)
TOTAL DEBT RETIREMENT FUND		-	-	(1,254)

WESTERN SCHOOL DISTRICT
CONSIDERATION OF WAIVED ADJUSTMENTS
AS OF JUNE 30, 2008

FINDING	W/P REF	OVER (UNDER) STATEMENT OF		
		ASSETS	LIABILITIES	EXCESS OF REV/EXP
NON-MAJOR FUNDS: (Materiality = \$15,000; Tolerable misstatement = \$11,250)				
ATHLETICS FUND:				
No waived adjustments		-	-	-
TOTAL ATHLETICS FUND		-	-	-
FOOD SERVICE FUND:				
No waived adjustments		-	-	-
		-	-	-
Prior year waived adjustments affecting 2007:				
Tests of payables revealed that a prescription reimbursement was not accrued at 6/30/07		-	-	(22)
TOTAL FOOD SERVICE FUND		-	-	(22)
BUILDING & SITE/CONSTRUCTION FUNDS:				
No waived adjustments		-	-	-
TOTAL BUILDING & SITE/CONSTRUCTION FUNDS:		-	-	-
Non-major Fund total		-	-	(22)
FIDUCIARY FUNDS: (Materiality = \$10,000; Tolerable misstatement = \$7,500)				
WIREBAUGH SCHOLARSHIP FUND:				
Current Year waived entries:				
Accrued interest receivable wasn't booked		(1,446)	-	(1,446)
Overpaid General Fund when reimbursing expenses		78	-	78
		(1,368)	-	(1,368)
STUDENT ACTIVITIES FUND:				
No waived adjustments		-	-	-
Total Fiduciary Funds		(1,368)	-	(1,368)